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April 27, 2012

Board of Trustees
Bakers Union and FELRA Health & Welfare Fund
c/o Ms. Anne-Marie Sims, Account Executive
Associated Administrators, LLC
911 Ridgebrook Road
Sparks, MD 21152

Re: Proposal for drafting Summary of Benefits and Coverage (SBC)

Dear Trustees:

We are pleased to provide you with this proposal to offer our assistance in drafting the Plan's Summary of Benefits and Coverage (SBC) that is required under the Affordable Care Act (ACA). General information about the SBC is included in the enclosed *Bulletin*. The SBC requirements are effective for group health plans (whether self-insured, fully insured, or some combination of the two) with open enrollment beginning on the first day of the first open enrollment period that begins on or after September 23, 2012. Group health plans that do not have open enrollment must comply with the SBC requirements beginning on the first day of the first plan year that begins on or after September 23, 2012 (January 1, 2013, for calendar year plans).

Based on your Plan Year of January 1, it appears that the SBC requirement for members with no open enrollment goes into effect as of January 1, 2012. Otherwise, for those members with open enrollment, the SBC requirement generally applies as of the first day of the first open enrollment period beginning on or after September 23, 2012.

Proposed Services

Step 1. First, Segal will review the existing plan documents, SPDs, SMMs, and other participant communications with you to assure that we have a complete collection of the governing plan document. A list of the documents which will need to be compiled is enclosed as Exhibit A.

Step 2. Second, Segal will identify the benefit options offered by the Plan and report to you how many SBC documents will need to be completed by the Fund. Depending on the structure of the Plan and the various coverage tiers available (*i.e.*, employee+1, family, etc.), it is possible that more than one SBC will have to be prepared for each benefit option.

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In some cases, benefit options will be administered by two separate service providers (e.g., a third party administrator and a PBM). In those situations, we will discuss with you how to produce the SBC.

Step 3. Third, Segal will review with you the facts necessary to prepare the “coverage examples” in the SBC which require that you inform Plan participants how each benefit option pays for two types of health conditions: patient costs for having a baby and managing Type 2 diabetes. We anticipate that we will need to confer with the Plan’s claims payer and/or pharmacy benefit manager (PBM) in order to confirm specific details necessary to prepare this part of the SBC.

Step 4. Once we receive the above listed documents and information, we will draft the SBC for each benefit option, as agreed in Step 2.

Step 5. Segal will also prepare a cover letter to accompany the SBC when the Fund distributes it to participants. The one- to two-page letter will succinctly explain in easy to-understand language what the SBC is, why they are receiving it, and how it relates to other benefit communications that they have received from the Fund.

Estimated Fees

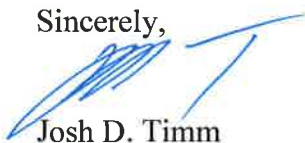
This project will be done on a time-charge basis. Due to the complexity of the government’s template and accompanying instructions, we estimate that the fee will be time charges not to exceed \$5,000 for the SBC for each benefit option. Until we have completed Steps 1 – 3 above, we will not know the entire scope of service. However, if we are requested to prepare multiple SBCs, the fee for additional SBCs could be lower if the benefit options and their documentation are fairly similar and thus, we are able to achieve certain economies of scale.

We request that you designate a contact person with whom we can work to assure that all of Steps 1-3 are completed.

This proposal summarizes our understanding of the services Segal will provide for the drafting of SBC(s) for the Bakers Union and FELRA Health and Welfare Fund.

As with all of our compliance work, the Plan should rely on counsel for authoritative advice.

Sincerely,



Josh D. Timm

JDT/ml

Enclosures

Exhibit A

For each benefit option(s) for which you wish us to prepare the SBC, we will need the following information (links to searchable on-line versions of these documents are preferred):

- Most recent printed Summary Plan Description (SPD);
- Any Plan Document other than the SPD;
- Plan Amendments/Summaries of Material Modifications/Announcement letters since printing or posting of the most recent SPD;
- New Employee package;
- Any other Plan summary (vendors often provide these and many times they contain a summary of exclusions);
- Insurance certificate for any insured health benefits;
- Contact information for each vendor that administers the Plan's health benefits (e.g., the Plan's PBM, behavioral health vendor, and/or dental/vision vendor); and
- Links to the Plan's provider network(s) and to a more complete description of the Plan's drug benefit (or contact phone numbers if this information is not available electronically).